

King County Parks **Your** **King County** **Big Backyard**

King County
Department of Natural Resources and Parks
Parks and Recreation Division



Parks Omnibus Ordinance (Ordinance 14509)
Report to the King County Council

2011
Second Quarter Report
April – June 2011

we're at work so you can play

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I. Executive Summary

Business revenues through the second quarter of 2011 were 24 percent lower than the same period in 2010 because of the 2010 run of Cirque du Soleil in Marymoor Park. However, the 2011 levels are similar to those in 2009, which was also a non-Cirque year. Second quarter 2011 business revenues were also negatively affected by an extended wet and rainy spring, which meant that several facilities, such as dirt ballfields, were rained out.

Revenues from the Division's key business units were down through the second quarter, which can largely be attributed to the extended wet and rainy spring that led to the closure of facilities as mentioned above. The poor weather conditions also continued to affect parking revenue at Marymoor Park, as the park experienced a drop in day-use visitors. Despite the rainy conditions, the Division experienced almost no rainouts on its synthetic turf athletic fields. Since these fields command a higher per-hour use fee, they helped off-set the decline in revenue from the unplayable dirt fields.

The Weyerhaeuser King County Aquatic Center (WKCAC), which hosted more events during the second quarter than in past years, showed a slight decrease in revenues. However, revenues from the U.S. Synchronized Swimming Nationals, a ten-day event, are not yet fully reflected in the business revenues and will be included in future reports.

The Division experienced a busy second quarter in terms of outreach and community involvement. In addition to celebrating Earth Month in April, the Division hosted 90 volunteer events and had a presence at fairs and festivals all over the region. The Division also hosted the second annual King County Parks' Big Backyard 5K fun run and walk at Marymoor Park on May 22, a benefit event for the Division. The event grossed \$55,000, with Group Health as the title sponsor. More than 1,200 people participated, doubling last year's numbers.

II. Summary of Revenues and Expenditures

Parks and Recreation Division Revenues and Expenditures

| | Revenues | Expenditures |
|-----------------------------|--------------|--------------|
| 2011 Adopted | \$26,597,910 | \$29,184,939 |
| 2011 Revised | \$26,607,010 | \$29,486,904 |
| 2011 Estimated ¹ | \$26,478,559 | \$29,486,904 |
| 2010 Actual | \$26,414,318 | \$26,064,830 |

Second Quarter - Business Revenues² and Expenditures

| | Actual Revenues | Actual Expenditures |
|---------------------------|-----------------|---------------------|
| January 1 – June 30, 2011 | \$1,769,518 | \$12,898,604 |
| January 1 – June 30, 2010 | \$2,341,484 | \$11,638,346 |

Revenues

Business revenues through the second quarter of 2011 were 24 percent lower than the same period in 2010 because of the 2010 run of Cirque du Soleil in Marymoor Park. However, the 2011 levels are similar to those in 2009, which was also a non-Cirque year. Second quarter 2011 business revenues were also negatively affected by an extended wet and rainy spring, which meant that several facilities, such as dirt ballfields, were rained out.

Since 2008, the weak economy has affected the Division's ability to secure business revenues, as has the transfer of several pools, which generated more than \$2 million in revenues in past years. The transfer of pools ultimately helps the Division's bottom line, as revenues from any pool are typically less than 50 percent of its direct operating costs. However, these transfers have had an impact on the Division's gross revenues. Facilities transferred in the past three years include the Renton, Evergreen, and Vashon Pools, and the management of the Cottage Lake Pool, along with other Urban Growth Area (UGA) parks transferred with annexations.

Despite a reduced asset base (due to the transfer of facilities), business revenues still comprise about 17 percent of the Division's 2011 projected revenue, which is similar to the percentage in 2002 at the beginning of the Parks Business Plan (see charts on the following page). The business revenue forecast for the remaining assets has risen from a total of about \$2.3 million in 2002 to more than \$4.6 million in the 2011 adopted budget.

¹ Estimated includes a supplemental request that has not yet been approved by Council.

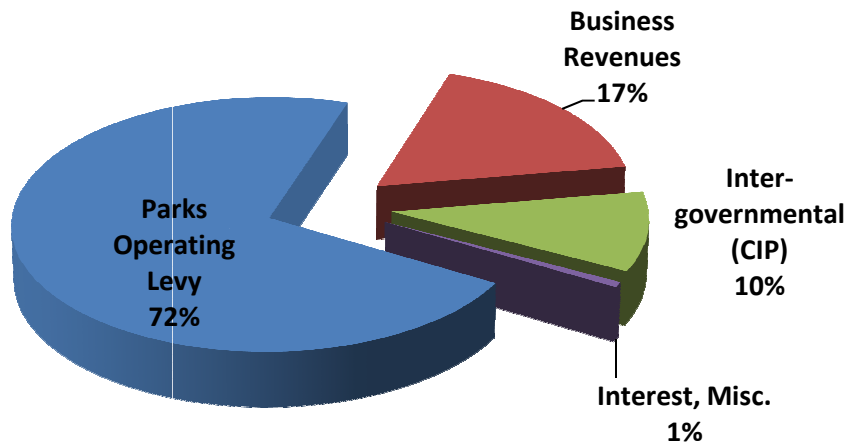
² Business revenues include user fees and enterprise and entrepreneurial revenues. Levy funds, interest earnings, interfund transfers and similar revenues that are not within the control of the division are excluded from this total.

Expenditures

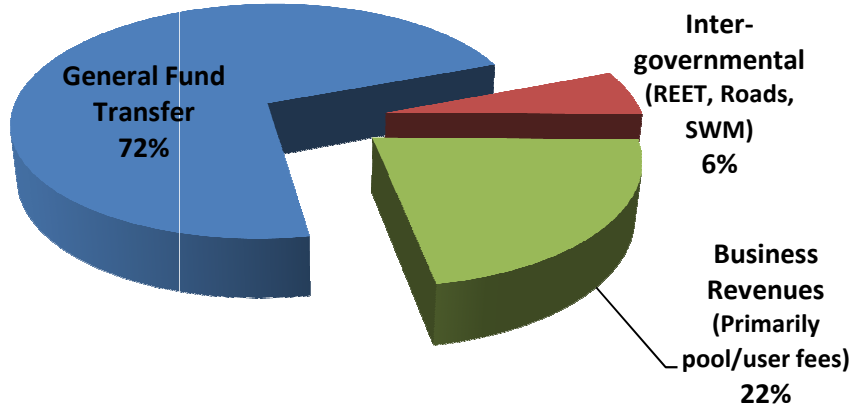
For 2011, first and second quarter expenditures equaled 44 percent of the Division's annual expenditure budget. This expenditure pattern is in line with historic business trends.

As long as a target fund balance is achieved, the Division intends to spend the maximum amount of its expenditure authority on maintaining parks, open space and trails. This may not result in the Division achieving maintenance at levels comparable to historic levels achieved prior to 2002; however, the Division is committed to maintaining its assets at maximum possible levels, given its limited resources.

2011 Adopted Revenues - \$26.6M



2002 Adopted Revenues - \$26M



III. Revenues – Key Business Units

| Marymoor Park | | | | |
|-----------------------------------|--------------------|--------------------|--------------------|-------------|
| | 2011 thru Q2 | 2010 thru Q2 | Change (\$) | Change (%) |
| Traditional | | | | |
| Rev - facilities | \$57,807 | \$50,847 | \$6,960 | 14% |
| Rev - fields | \$442,108 | \$439,402 | \$2,706 | 1% |
| Non-Traditional | | | | |
| Rev – parking* | \$314,064 | \$293,666 | \$20,398 | 7% |
| Rev - concerts | \$10,193 | \$16,839 | (\$6,646) | -39% |
| Rev - concert ticket direct sales | \$1,928 | \$3,008 | (\$1,080) | -36% |
| Rev - Subway | \$2,161 | \$8,896 | (\$6,735) | -76% |
| Rev - Pet Garden | \$0 | \$2,950 | (\$2,950) | -100% |
| Sponsors/concessions | \$42,939 | \$19,682 | \$23,257 | 118% |
| Cirque** | -- | \$515,180 | (\$515,180) | -100% |
| Revenues - Total (Rounded) | \$871,000 | \$1,350,000 | (\$479,000) | -35% |
| Expenditures (Rounded)*** | \$1,119,000 | \$1,037,000 | \$82,000 | 8% |

*Includes revenues of \$38,120 from parking violations.

**Cirque du Soleil is not scheduled to appear in Marymoor Park in 2011.

***As in past years, estimated expenditures include direct costs. Estimated costs do not include "loan-in labor", i.e. labor that may have been contributed by other work units.

Source: Parks and Recreation Division CLASS software system for revenue tracking; ARMS financial reports for expenditures.

2011 Second Quarter Highlights

- Overall, revenues at Marymoor Park were down 35 percent as compared with the same period in 2010, which can be attributed to an extended wet and rainy winter and spring that discouraged park use and to 2011 being an off-year for Cirque du Soleil. Revenues are only slightly lower than those from the same period in 2009, a similar non-Cirque year. The Division is working with Cirque du Soleil to secure future appearances.
- Revenue from parking, which includes parking passes, single-use fees, and parking violations, is up seven percent overall. This increase is largely due to revenues from parking violations and continued strong compliance with the parking fee; however, drop-in use of the park was negatively affected by the extended rainy winter and spring weather.
- Revenue from field use is similar to that from the second quarter of 2010. Rainouts on the dirt baseball fields reduced revenue by 36 percent, but the synthetic turf multi-use fields helped minimize that impact, as the fields are nearly always playable regardless of weather conditions and command a higher use fee.

- Although revenues from concessions, such as The Wash Spot and Creative Coffee Concepts, are up 118 percent, the poor weather negatively affected Subway's revenues, which were down by 76 percent compared with the same period in 2010.
- Unlike in past years, the Concerts at Marymoor outdoor performance series does not begin until July 2011, and thus, revenues from concerts and direct ticket sales both show declines in the second quarter. Revenue from concerts will be reflected in future quarterly reports.

Weyerhaeuser King County Aquatic Center (WKCAC)

| | 2011 thru Q2 | 2010 thru Q2 | Change (\$) | Change (%) |
|-----------------------------------|--------------------|--------------------|-------------------|------------|
| Traditional | | | \$0 | |
| Rev - facilities | \$348,992 | \$373,639 | (\$24,647) | -7% |
| Rev - courses | \$59,213 | \$74,075 | (\$14,862) | -20% |
| Rev - drop in | \$17,201 | \$19,617 | (\$2,416) | -12% |
| Rev - conference center | \$6,983 | \$13,486 | (\$6,503) | -48% |
| Non-Traditional | | | | |
| Rev - Johnnies | \$29,511 | \$11,929 | \$17,583 | 147% |
| Revenues - Total (Rounded) | \$462,000 | \$493,000 | (\$31,000) | -6% |
| Expenditures (Rounded)* | \$1,292,000 | \$1,060,000 | \$232,000 | 22% |

*As in past years, estimated expenditures include direct costs. Estimated costs do not include "loan-in labor", i.e. labor that may have been contributed by other work units.

Source: Parks and Recreation Division CLASS software system for revenue tracking; ARMS financial reports for expenditures.

2011 Second Quarter Highlights

- Overall, second quarter revenues were down slightly compared with the same period in 2010, which is largely due to a heavier than usual event schedule that affected revenue from public programs and other rentals.
- The U.S. Synchronized Swimming Nationals took place at WKCAC from June 24 – July 2, and revenue from this event is not fully reflected in second quarter revenues. Information on these revenues will be included in future reports. Other major events hosted by WKCAC during the second quarter of 2011 included the Pacific Coast Swimming Invitational, the Remote Operated Vehicles Regional Championships, and the Washington State Special Olympics Championships.
- Revenues from the concession stand, which is operated by vendor Johnnies Dog House, remain strong and increased significantly from the second quarter of 2010. Johnnies has been operating at WKCAC for about a year and benefits greatly from scheduled events at WKCAC, such as the U.S. Synchronized Swimming Nationals.

Fields and Facilities Business Unit

| | 2011 thru Q2 | 2010 thru Q2 | Change (\$) | Change (%) |
|-----------------------------------|------------------|------------------|-------------------|------------|
| Traditional | | | | |
| Rev - Ballfields | \$177,589 | \$188,061 | (\$10,471) | -6% |
| Rev - Facilities | \$84,210 | \$82,938 | \$1,272 | 2% |
| Non-Traditional | | | | |
| Rev - RV Camping | \$11,905 | \$22,444 | (\$10,538) | -47% |
| Revenues - Total (Rounded) | \$274,000 | \$293,000 | (\$19,000) | -6% |

2011 Second Quarter Highlights

- Overall, revenues from fields and facilities were down slightly this quarter compared to the second quarter of 2010. Revenues continued to be affected by poor weather, which meant that many ballfields were not playable and games and practices had to be cancelled.
- Camping revenues are down 47 percent, which is due to the continued closure of the camping and yurt sites on the west side of Tolt MacDonald Park due to flood damage. This area of the park was slated to re-open in July.

Revenues – Other Sources

The second annual King County Parks' Big Backyard 5K benefit fun run and walk was held on May 22, 2011, at Marymoor Park. More than 1,200 walkers and runners completed the course, and the event grossed \$55,000, including title sponsorship by Group Health.

The Division was notified that it has been awarded a \$6,000 grant from 4Culture to provide visual and performing arts classes in 2011-2012, as part of the White Center Teen Program.

IV. Agreements with Other Organizations and Jurisdictions

Community Partnerships and Grants (CPG) Program

The CPG Program continues to develop partnerships that result in new facilities and amenities in King County's parks. There are currently more than 50 projects in various stages of negotiation, planning, design, permitting, or construction that represent \$14 million in CPG grants and/or Capital Improvement Program commitments. By leveraging community investments (cash, grants, in-kind donations, volunteer labor, etc.), these CPG projects, when completed, will add new public recreation facilities valued at an estimated \$60 million. The status of CPG projects includes:

- Final permitting is underway for the lacrosse facility at Big Finn Hill Park.
- Construction mobilization is underway for Ravensdale Park, Phase I, which includes a synthetic turf athletic field, a synthetic turf baseball field and a community meadow.
- Final permitting is underway for the conversion of two synthetic turf athletic fields at Petrovitsky Park.
- Phase III of the Sammamish Rowing Association Boathouse at Marymoor Park is underway, which includes building the boathouse structure.

Transferring Division Assets

The transfer of parks within the Urban Growth Area (UGA) is an on-going effort as part of the County's larger annexation strategy. These efforts have intensified in light of the continuing pressure on the County's general fund, which supported the Division's UGA facilities until 2010. As of 2011, the Division's remaining UGA assets are funded from the business revenues that the Division generates from assets throughout the system. The status of facilities in the process of transferring includes:

- The City of Kirkland's annexation in June 2011 included the transfer of the following properties: Edith Moulton, Juanita Heights, Kingsgate, and Windsor Vista, with the transfer of 132nd Square Park anticipated for 2012.
- The Division is in the process of developing an interlocal agreement with the City of Issaquah for the transfer of Klahanie Park.
- The Division is in the process of transmitting an interlocal agreement with the City of Auburn for the transfer of a parcel of North Green River Park which is located within the city and no longer needed for trail purposes.

V. Community Outreach and Involvement

Volunteer Program

During the second quarter of 2011, more than 90 events took place involving 1,945 volunteers who provided 11,920 hours of service, and four new Parks and Trails Ambassadors signed up for the program. In addition to celebrating Earth Month in April with some 300 volunteers, the Division worked with volunteers on projects ranging from trail work and habitat restoration/noxious weed removal to park maintenance and improvement to work parties at the King County Greenhouse and Nursery.

The Division hosted the first annual Volunteer Appreciation Dinner in May, which recognized the on-going commitment of some 40 community groups whose hard work and dedication are invaluable to the Division's efforts to steward its vast parks system. The King County Council issued a proclamation declaring May 12 as "Parks Volunteer Day."

Community Outreach

The Division was involved in many community outreach events during the second quarter, such as the annual King County Earth Day Expo at Westlake Park, the Spring Recreation Expo at the Evergreen State Fairgrounds, the Green Festival, and the White Center Spring Clean.

Other special events included:

- The unveiling of the memorial artwork at Steve Cox Memorial Park, which was a community project led by the North Highline Unincorporated Area Council
- Tolt-MacDonald Park's 35th Anniversary Celebration and Rededication on June 26
- Duthie Hill Park's First Anniversary on June 11 and Kids' Dirt Fest on June 18

The Division continues to have an active presence in the media, including utilizing social media outlets, such as Facebook, Twitter, Flickr, and “The Plog”, the Division’s blog.

Appendix A
2011 Parks and Recreation Division Financial Plan (Parks Levy Subfund 1451)

| Category | 2010 Actual ¹ | 2011 Adopted | 2011 Revised | 2011 Estimated ² |
|---|--------------------------|---------------------|---------------------|-----------------------------|
| Beginning Fund Balance | 9,551,379 | 8,916,794 | 9,900,867 | 9,900,867 |
| Revenues | | | | |
| * Levy Proceeds/Delinquent Levy Collections ³ | 18,508,382 | 19,067,400 | 19,067,400 | 18,938,949 |
| * Interest ⁴ | 99,314 | 35,148 | 35,148 | 35,148 |
| * Regional/Rural Business Revenues ^{5, 7} | 4,920,954 | 4,516,736 | 4,516,736 | 4,516,736 |
| * Expansion Levy Admin Fee ⁶ | 131,313 | 150,169 | 150,169 | 150,169 |
| * UGA Business Revenues ^{5, 7} | 196,600 | 114,849 | 114,849 | 114,849 |
| * GF Transfer for UGA Parks and Non-Regional Pools ⁷ | 844,311 | - | - | - |
| * CIP ⁸ | 1,713,444 | 2,653,608 | 2,653,608 | 2,653,608 |
| * SW 98th St. Corridor Maintenance ⁹ | - | 60,000 | 60,000 | 60,000 |
| * 2011Q1 Omnibus Ordinance ¹³ | - | - | 9,100 | 9,100 |
| Total Revenues | 26,414,318 | 26,597,910 | 26,607,010 | 26,478,559 |
| Expenditures | | | | |
| * Regional/Rural Expenditures | (23,335,475) | (25,656,245) | (25,656,245) | (25,656,245) |
| * Urban Growth Area Expenditures | (915,911) | (715,085) | (715,085) | (715,085) |
| * CIP/Land Management Expenditures ⁸ | (1,585,706) | (2,653,608) | (2,653,608) | (2,653,608) |
| * CPG Expenditures ¹⁰ | (227,738) | (100,000) | (100,000) | (100,000) |
| * SW 98th St. Corridor Maintenance ⁹ | - | (60,000) | (60,000) | (60,000) |
| * 2011Q1 Omnibus Ordinance ¹³ | - | - | (26,121) | (26,121) |
| * Encumbrance Carryover | - | - | (275,844) | (275,844) |
| Total Expenditures | (26,064,830) | (29,184,939) | (29,486,904) | (29,486,904) |
| Estimated Underexpenditures ¹¹ | | 583,699 | 589,738 | 589,738 |
| Other Fund Transactions | | | | |
| * | | | | |
| Total Other Fund Transactions | - | - | - | - |
| Ending Fund Balance | 9,900,867 | 6,913,464 | 7,610,711 | 7,482,260 |
| Designations and Reserves | | | | |
| * BNSF Trail Maintenance Reserve | (177,994) | (177,994) | (177,994) | (177,994) |
| * Encumbrance Carryover | (275,844) | - | - | - |
| Total Designations and Reserves | (453,838) | (177,994) | (177,994) | (177,994) |
| Ending Undesignated Fund Balance | 9,447,029 | 6,735,470 | 7,432,717 | 7,304,266 |
| Target Fund Balance ¹² | \$ 8,391,142 | \$ 7,692,325 | \$ 7,692,325 | \$ 7,692,325 |

Financial Plan Notes:

1. Actuals are based on the 14th Month ARMS Reports.

2. 2011 Estimated column reflects adjustments included in the adopted 2011Q1 supplemental ordinance, as described below.

3. Levy Proceeds and Delinquent Levy Collections forecast by Office of Economic and Financial Analysis (OEFA).

4. Net Investment Income is estimated as 0.96% in 2010 and forecast it to be 0.60% in 2011.

5. Business Revenues assume 5% annual growth as recommended by the Parks Futures Task Force. These categories are tracked by the Parks and Recreation Division.

6. Expansion Levy Administrative Fee receipts are aligned with OEFA revenue projections in the Open Space Trails and Zoo Levy Fund/Expansion Levy (Fund 1452).

7. Continuing General Fund support for the Unincorporated Growth Area (UGA) parks will not be needed after the adopted policy change that allows the use of all business revenues to support all parks.

8 Capital Improvement Project (CIP) Revenues include transfers from Parks CIP Funds 3160, 3490 and 3581 to support Capital and Land Management/Business Planning. Note: a portion of CIP/Land Management/Business Planning Expenditure is associated with the UGA.

9. Partial funding from Road Services Division for maintenance of the SW 98th Street Corridor.

10. Partial funding of the Community Partnerships and Grants (CPG) program. Additional funds are in Parks CIP.

11. Estimated Underexpenditures equal 2% of Total Expenditures.

12. Target Fund Balance reflects the level needed to ensure achieving a fund balance of 1/12th of Total Expenditures at the end of the levy in 2013.

13. The adopted 2011Q1 supplemental ordinance appropriated additional expenditure authority (\$53k) because 132nd Square Park (associated with the Juanita/Finn Hill/Kirkland annexation) will not transfer until 2012 and it adjusts central rates as follows: insurance rate (-\$33,988) and General Government Overhead (\$7,109).

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